

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 278(FIN)
(H) Publish Date: 3/27/2006

Revision Date/Time (Note if correction): Dept. Affected: Revenue
Title Retirement System Bonds RDU
Sponsor Rep. Mike Hawker Component Alaska Municipal Bond Bank
Requester Component No. 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
Bond Proceeds						
Bond Bank Investment Earnings						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal: ☐

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 278 expands the ability of the Alaska Municipal Bond Bank Authority (Bond Bank) to borrow money for loans to communities for the purpose of prepaying their unfunded accrued actuarial liabilities of the retirement system. The premise of undertaking this type of transaction is providing communities with an efficient means of borrowing to fund all or a portion of their unfunded liability. The difference between the cost of capital and the earnings on the investment of that capital by the retirement system accrue to the participating community.

Should any transaction be undertaken the fiscal impact on the Bond Bank will be an increase in debt issuance costs. These include: rating agency fees, financial advice, bond counsel, printing, cusip

Prepared by: House Finance Committee Phone
Division Date/Time 3/27/06 10:16 AM
Approved by: Rep. Kevin Meyer, Co-Chairman Date 3/27/2006
Rep. Mike Chenault, Co-Chairman

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BILL NO. CSHB 278(FIN)

ANALYSIS CONTINUATION

service, underwriting, and other related expenses. Those costs will be funded from the bond proceeds and Bond Bank investment earnings. The Bond Bank estimates the initial costs associated with a hypothetical transaction of one billion dollars would approximately be \$7 million in the year in which the transaction occurs, with \$40.0 per year in service expenses.

This fiscal note is indeterminate because it is unclear at this time if any transaction will take place.